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C O N F I D E N T I A L SECTION 01 OF 03 CARACAS 001615

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SUBJECT: STATE AND LOCAL ELECTIONS: NINE STORIES TO WATCH

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Classified By: POLITICAL COUNSELOR FRANCISCO FERNANDEZ,
REASONS 1.4 (B) AND (D)

11. (C) Summary. President Chavez will retain full control over the Government of the Bolivarian Republic of Venezuela (GBRV) no matter what the results of the November 23 state and local elections. Nevertheless, these elections may influence the extent to which Chavez can accelerate his Bolivarian revolution. The results will also measure the opposition's ability to build a credible democratic alternative. The opposition is desperately trying to gain new democratic spaces, while President Chavez will have the opportunity to measure his overall electoral strength before likely action in 2009 to eliminate term limits. Chavez's United Socialist Party of Venezuela (PSUV) seeks to demonstrate that it can be a formidable electoral machine, particularly in the wake of Chavez's first electoral defeat in the December 2007 constitutional referendum. Opposition parties are competing among themselves to establish greater relevance. A number of the Venezuelan president's closest confidants, including his brother Adan Chavez, as well as a number of PSUV dissidents and erstwhile partners, are competing in surprisingly close electoral contests. End Summary.

Interpreting the Results

12. (C) Opposition Gains?: While the opposition has expressed outsized ambitions unlikely to be achieved for these elections, it stands ready to spin whatever result as a victory. The opposition elected only two governors four years ago. Two Podemos governors broke with the government last year have joined their ranks. Pundits of all political persuasions believe President Chavez's United Socialist Party of Venezuela (PSUV) gubernatorial candidates will win the majority of this year's 22 gubernatorial races. After suggesting publicly that the opposition could win as many as 12 governorships earlier this year, most opposition leaders now suggest that winning four to eight gubernatorial races (including Podemos) should be considered an electoral "victory." If the opposition succeeds in winning four or more governorships in key states and doubles its number of mayorships (currently 47; there are 328 mayoral races), the opposition would have considerably more democratic space and government resources with which to work. In addition, the Embassy would find considerably more state and local partners with which to cooperate.

13. (C) Total Number of Votes: President Chavez and Zulia Governor Manuel Rosales won 7.3 and 4.2 million votes,

respectively, in the 2006 presidential election. Chavez polled only 4.3 million votes for his proposed constitutional reforms in the December 2007 referendum, while 4.5 million Venezuelans voted against the measure. Earlier this year, Chavez said he intended to pursue another referendum in 2009 to eliminate presidential term limits. He will presumably use the total number of PSUV votes in the upcoming state and local elections to gauge his relative electoral strength. If PSUV candidates collectively poll close to Chavez's high watermark of 7.3 million votes, Chavez would be in a much better position for such a referendum than if PSUV candidates collectively poll closer to his low watermark of 4.3 million votes. The opposition has never been able to poll much more than four million votes, but they are hoping to demonstrate increasing overall electoral strength. Traditionally, about half of the voters vote in sub-national elections, meaning that both sides have their work cut out for them.

14. (C) Chavismo without Chavez?: Chavista dissidents, with few exceptions, have become politically obsolete in short order, but a few of them have an outside chance of winning elected office against the "official" Chavez candidate. PSUV dissidents and candidates from small pro-government parties are waging surprisingly strong campaigns in a small number of gubernatorial races. For example, Barinas Mayor Julio Cesar Reyes is reportedly capitalizing on local resentment of the Chavez clan and giving Adan Chavez, the Venezuelan president's brother and confidant, a real challenge. A Reyes victory would be a real slap at the Chavez family -- Chavez's father has governed the state for eight years. At a minimum, Chavista dissidents will likely siphon off votes from PSUV front-runners, undermining their electoral mandate.

Key Personalities

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15. (C) The 1992 Coupsters: Miranda Governor Diosdado Cabello, the person most widely mentioned locally as a possible Chavez successor, is in a close re-election race against Baruta Mayor Henrique Capriles Radonski. Former Interior and Justice Minister Jessie Chacon appears to be trailing Primero Justicia Secretary General Carlos Ocariz in the mayoral race in the densely populated Sucre Borough of Caracas. Former Bolivar governor Antonio Rojas Suarez is running a strong gubernatorial race against an unpopular PSUV incumbent governor, but splitting opposition votes. Local pundits believe Rojas Suarez, who reportedly drove the tank that crashed the gates of the Miraflores presidential palace in 1992, may be staying in the race at the opposition's expense to get back into Chavez's good graces.

16. (C) Rosales Versus Lopez: Three strong opposition candidates are competing for the mayorship of the upscale Chacao Borough of Caracas. Outgoing popular mayor Leopoldo Lopez is backing Councilman Emilio Grateron over his own UNT party's candidate, Liliana Hernandez. Zulia Governor Manuel Rosales is widely believed to have hand-picked Hernandez and most pundits perceive the Chacao mayoral race as a proxy war between Rosales and Lopez for leadership within the opposition. Barred by the GBRV from running for office based on administrative measures, Lopez may have real difficulty staying relevant politically, particularly if his protégé Grateron loses. Primero Justicia is hoping that its candidate, Ramon Muchacho, can defeat both Grateron and Hernandez.

17. (C) New Stars?: Barquisimeto Mayor Henri Falcon, who enjoys a reputation across party lines as an excellent administrator, is a strong favorite to win the Lara gubernatorial race. The PSUV expelled him briefly before endorsing his candidacy because PSUV insiders know that Falcon could win with or without the PSUV. For many pundits, Falcon represents the democratic hope within Chavismo. PJ

Secretary General Carlos Ocariz has run a smart four-year campaign to win the Sucre Borough Mayorship in Caracas after narrowly losing the same race four years ago. Should Ocariz win in a borough that contains Petare, Caracas' emblematic hillside slums, he would demonstrate that opposition has the potential, if it works hard and smart enough, to secure votes from Chavez's base.

The Parties

17. (C) PSUV's Maiden Voyage: Chavez's PSUV party was formed in 2007 and stumbled in its first electoral test in the run-up to the December 2007 constitutional referendum. Unlike Chavez's previous party, the Fifth Republic Movement, the PSUV, despite claiming over five million members, failed to deliver voters to the polls last year. The state and local elections will be the first time that the PSUV is actually on the ballot and local pundits will be watching to see whether the PSUV has evolved into a genuine electoral machine. According to local opinion polls, more voters say they identify with the PSUV than with all other political parties combined.

18. (C) Where do Chavez's Allied Parties Go?: Chavez has been helped by a number of small, pro-government parties, but his decision to support only PSUV gubernatorial candidates alienated these groups. Podemos broke with Chavez prior to the constitutional referendum. It stands to lose its two governorships due to term limits and may have trouble staying relevant. Patria Para Todos (PPT) supports Chavez in name only at this point, and party leaders are likely to break with Chavez in the not too distant future, particularly if Chavez tries to eliminate presidential term limits. Even the Communist Party (PCV) has been put off by the PSUV high-handedness.

19. (C) Comeback?: The two political parties that dominated Venezuela's political landscape prior to Chavez, Democratic Action (AD) and the Christian Democrats (COPEI), had largely been supplanted in the opposition spotlight by newer parties (or spin-offs), such as Un Nuevo Tiempo (UNT) and Primero Justicia (PJ). AD boycotted the 2005 parliamentary and 2006 presidential elections, and decided late to ask its supporters to vote "no" in the December 2007 constitutional referendum. Pundits believe that both parties' residual party structures and known candidates outside of Caracas will

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help AD and COPEI secure a greater share of elected offices than they currently have.

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